United Nations A/63/601

General Assembly

Distr.: General
11 December 2008

Original: English

Sixty-third session
Agenda item 118
Programme budget for the biennium 2008-2009

Revised estimates relating to the programme budget for the biennium 2008-2009 under sections 3 and 32 related to the provision of an integrated headquarters facility for the United Nations Assistance Mission in Iraq, in Baghdad

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the revised estimates relating to the programme budget for the biennium 2008-2009 under sections 3 and 32 related to the proposed provision of an integrated headquarters facility for the United Nations Assistance Mission in Iraq, in Baghdad (A/62/828). The report was submitted in response to section V, paragraph 15, of General Assembly resolution 62/238. The Committee also had before it the relevant section of the report of the Secretary-General entitled "Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council: United Nations Assistance Mission for Iraq" (A/63/346/Add.5, paras. 20-23). During its consideration of the report (A/62/828), the Committee held a videoconference with the Special Representative of the Secretary-General in Baghdad and also met with other representatives of the Secretary-General, who provided additional information and clarification.

2. The Advisory Committee notes that, according to the Secretary-General, there have been a number of developments since the issuance of the report of the Secretary-General (A/62/828), including the provision of a new site by the Government of Iraq for a period of 25 years (see A/63/346/Add.5, para. 21). The Committee was also informed that the Government of Iraq had agreed to contribute $25 million from the allocation of the 2009 federal budget to the construction project (see also para. 12 below). In the light of these developments, the Advisory Committee requested and obtained an update of the actions required of the General Assembly, as set out in paragraph 63 of the report of the Secretary-General (A/62/828) (see paras. 13 and 20-25 below).

08-64409 (E) 151208

Location and scope of the project

3. In his report (A/63/346/Add.5), the Secretary-General indicated that the Government of Iraq had been unable to allocate the site known as the Al-Sijud Palace, as proposed in his report A/62/828, and that the Government had offered an adjacent site, of approximately 40,000 square metres, located within the international zone. Upon enquiry, the Advisory Committee was informed that the site would be provided free of charge for a period of 25 years and that ownership and use of the site at the end of the lease period would then be subject to negotiations between the Government of Iraq and the United Nations. As stated in his report (A/63/346/Add.5), given its proximity to the Al-Sijud location, the new site in the international zone would enjoy the same security arrangements and other benefits of the future diplomatic areas as the Al-Sijud site.

4. **The Advisory Committee welcomes the offer of a site by the Government of Iraq. The Committee recommends that, as further steps are contemplated, the Secretary-General apprise the General Assembly of all the issues related to the development and utilization of the integrated compound, including clarification of the contributions by the Government of Iraq.**

Planning assumptions

5. The planning assumptions for the construction project are outlined in section V of the report of the Secretary-General (A/62/828). In paragraph 26 of the report, the Secretary-General indicated that the staff ceiling was set by the Department of Safety and Security and was managed on a day-to-day basis by the Special Representative of the Secretary-General as designated official for security in Iraq. He also indicated, in paragraph 28, that the staff strength underlying the planning assumptions was as follows: a total of 165 international staff, including 50 staff of United Nations agencies, funds and programmes (accommodation, office and workspace); a total of 150 national staff (office and workspace only); a total of 50 members of a United Nations Guard Unit/Force (accommodation, office and workspace for a contingent provided by a troop-contributing country, a United Nations guard unit or personnel/staff provided by a commercial security support contractor); and 60 contractual support staff (accommodation, office and workspace for the services of support contractors).

6. The Advisory Committee notes that the proposal does not include any provision for space for Mission staff currently located outside of Iraq, in Kuwait and Jordan, or for accommodating any expansion of the United Nations system presence. **The Committee is of the view that provision should be made for the appropriate participation of other stakeholders in the design approval team, which, according to paragraph 53 of the report of the Secretary-General, is responsible for ensuring that the design meets user requirements. The Committee therefore recommends that the Secretary-General report on the consultations in the context of his comprehensive proposal to be submitted to the General Assembly (see also A/63/346/Add.5, para. 23).**

7. Upon enquiry, the Advisory Committee was updated on the operational constraints faced by the United Nations Assistance Mission for Iraq (UNAMI), with regard to the construction of the UNAMI compound, and was informed that the local procurement of materials for construction and access of workers inside the international zone remained limited owing to security risks. Obtaining goods and

services outside of Iraq would therefore add considerable costs to the project. Furthermore, the Advisory Committee was informed that construction firms that successfully bid on the project would have to be vetted in order to operate inside the international zone. In addition, construction firms and their personnel would require continuous protection, not only at the actual site but also en route to and from the Baghdad International Airport.

8. As noted in the report of the Advisory Committee on the estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council, the Committee was informed that the UNAMI status of mission agreement, signed in 2005, had yet to be ratified by Iraq (see A/63/593, para. 141).

Project timetable

9. Upon enquiry, the Advisory Committee was provided with an updated project timetable (see annex). The Committee notes that construction is planned to be completed in October 2010, which is the completion date projected in the report of the Secretary-General (see A/62/828, para. 46). **The Advisory Committee recommends to the General Assembly that, if it were to decide to approve the commitment authority for the preliminary study, it request the Secretary-General to specify the timetable of the envisaged construction project (see also A/63/346/Add.5, para. 23).**

Cost and financing of the project

10. Total preliminary costs for the project are estimated at $98.6 million, including an estimated $73.1 million for construction and equipment costs (see A/62/828, paras. 37-38). The Secretary-General noted in paragraph 36 of the report that the cost of construction was based on the cost of a 2,000 square metre staff accommodation project that had been implemented in the international zone by another international organization. The cost of that project was $3 million or $1,500 per square metre. A factor of 40 per cent was applied to the base cost given that the other project had been implemented more than two years ago on a turnkey basis. Upon enquiry, the Committee was informed of additional reasons for applying the 40 per cent factor, including higher security specifications for the UNAMI compound, as well as higher material prices, which have increased up to 30 per cent over the last six months.

11. With regard to the total cost of the construction project, the Secretary-General noted in his report that "the Government of Iraq has further indicated its willingness to contribute, and it is the understanding of the United Nations that the Government of Iraq would contribute, towards the construction of the facility" (A/62/828, para. 34). The Committee was informed that such a contribution would be part of the overall funding of the project and that the modalities, terms and timing of receipt would need to be confirmed with the Government of Iraq.

12. The Advisory Committee was informed that the Government of Iraq had pledged a contribution in the amount of $25 million for the construction project. The Committee was further informed that, on 2 November 2008, the Council of Ministers of Iraq had approved the contribution from the allocation of the 2009 federal budget. **The Committee understands that the Secretary-General is currently discussing with the Iraqi authorities the possibility of a further**

pledge beyond 2009. The Advisory Committee expects that the Secretary-General will report on the issue in his next report.

13. With regard to the preliminary design phase, the Advisory Committee recalls that the initial estimate of the Secretary-General ranged between $12.3 million and $17.3 million (see A/62/512/Add.5, paras. 140-142). The estimate has now been significantly reduced to $5 million and it is requested that the estimate be provided as a commitment authority for 2009. The Advisory Committee notes that the Secretary-General initially proposed the transfer of $5 million from section 3, Political affairs, to section 32, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2008-2009 (A/62/828, para. 63 (d)). Upon enquiry, the Advisory Committee was provided with a revised request seeking approval of a commitment authority for 2009 for UNAMI in the amount of $5 million under section 32, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2008-2009.

14. The Advisory Committee was informed that the lower estimate would cover the scope described in paragraphs 43 and 51 of the report of the Secretary-General (A/62/828) and that there would be a particular focus on: (a) a site survey (assessment of existing buildings, soil test, as-built site plan); and (b) the development of tender documents. Furthermore, there is an assumption that the designated identified land would be considered undeveloped or so called "green space" and that the risk threat would remain unchanged. The Advisory Committee was also informed that the decrease in design costs was due to the revision of estimated prices and the exclusion of security and safety designs not required for the new compound since the location was inside the future international zone. The previous location had existing structures which had been damaged beyond economical repair. The cost estimates had therefore included provision for the removal of such structures.

Management and oversight of the project

15. As envisaged by the Secretary-General in section IX of his report (A/62/828): (a) the UNAMI Chief of Mission Support at the P-5 level would be accountable and responsible overall for all administrative, financial and logistical aspects; (b) the Chief Engineer at the P-4 level, accountable to the Chief of Mission Support, would serve as the project manager and would be responsible for planning, organizing and controlling the project; (c) a project coordination unit, comprising six additional positions (2 P-4, 2 P-3 and 2 LL), would be responsible for the supervision, administration and management of the design and construction phases; and (d) an architectural firm would be retained to manage the construction contract, including project control, specification compliance, standards compliance, schedule compliance, health and safety compliance, performance measurement, risk identification, risk analysis and reporting during construction. The firm would be selected through a competitive procurement process and have experience in the Middle East.

16. Upon enquiry, the Advisory Committee was informed that the engineering/architectural firm would provide all necessary personnel for the design phase and that the UNAMI Engineering Section would oversee the firm's day-to-day operations. The Department of Field Support would ensure that the firm adhered to its timelines and check that the deliverables adequately met United Nations

requirements. The Committee was also informed of the breakdown of the cost estimate of $5 million for the design phase, by component and percentage (see table).

Cost component/payment milestone	*Individual percentage*
Initial outlined design and cost estimate	20
Detail design	25
Tender documents/out to tender	20
Construction works period	30
Final account/end of defects period	5

17. The Advisory Committee was further informed that the Department of Field Support usually has general oversight over engineering projects in field missions and that UNAMI would designate an officer as the project coordinator/manager to work in the Department at Headquarters. Regarding the management of the construction phase, the Committee was informed that UNAMI would provide detailed information in this regard in its forthcoming report.

18. **The Advisory Committee is not convinced of the adequacy of these arrangements. The application of a standard template for engineering projects in field operations may not be appropriate for such a project in a difficult environment. The Committee recommends that a dedicated project manager with sufficient seniority and experience be designated. The project manager should have a proven track record in the supervision of complex construction projects and be fully supported by the authorities at Headquarters competent to supervise such projects. Overall authority in the field for the project should be assigned to the Special Representative of the Secretary-General, to whom the project manager should report on matters relating to design and construction. In this connection, the Committee also draws attention to its recent report on construction of facilities at Vienna, Addis Ababa and Nairobi (A/63/465).**

19. The Advisory Committee was informed that UNAMI would work with the Office of Internal Oversight Services to ensure periodic review of the project. This could also include increasing resident auditor capacity, as necessary, through the redeployment of a position. Further, the Advisory Committee would invite the Board of Auditors to include the UNAMI construction project in its future audit plans.

Conclusion

20. In the light of the new developments outlined in paragraphs 20 to 23 of the report of the Secretary-General (A/63/346/Add.5), the Advisory Committee was provided with an updated version of the actions required of the General Assembly, which had been set out in paragraph 63 of the report of the Secretary-General (A/62/828). The updated actions are contained in paragraph 22 below. Upon enquiry, the Committee was informed that the Secretariat did not intend to issue a corrigendum to reflect the changed actions. The Advisory Committee is of the view that the issuance of such a corrigendum would have been appropriate.

21. In that regard, the Advisory Committee draws attention to the difference in the proposed action to be taken by the General Assembly regarding requirements for the proposed design work. The Secretary-General had originally requested that the General Assembly approve the transfer of the amount of $5 million from section 3, Political affairs, to section 32, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2008-2009 (A/62/828, para. 63 (d)). The Secretary-General is currently proposing that the General Assembly approve a commitment authority for 2009 for UNAMI in the amount of $5 million under section 32 of the programme budget for the biennium 2008-2009.

22. Listed below are the updated actions required of the General Assembly, as provided to the Advisory Committee upon enquiry. The General Assembly is requested to:

(a) Approve in principle the proposal for the construction of a purpose-built integrated headquarters for UNAMI;

(b) Note the preliminary cost estimate of $98.6 million;

(c) Approve a commitment authority for 2009 for UNAMI in the amount of $5 million, under section 32, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2008-2009, to undertake design work in connection with the construction of the United Nations integrated compound in Baghdad;

(d) Request the Secretary-General to submit a new, complete and detailed proposal for the construction of the United Nations integrated compound in Baghdad, under section 32, Construction, alteration, improvement and major maintenance, of the programme budget, for its consideration at the sixty-third session.

23. **The estimate provided by the Secretary-General in the amount of $98.6 million for the construction of a new compound is based on preliminary costing assumptions. The Committee recommends that the General Assembly await the submission by the Secretary-General of the complete and detailed proposal before pronouncing itself on the overall requirements for the construction project. The question of the approval in principle of the project is for the General Assembly to decide.**

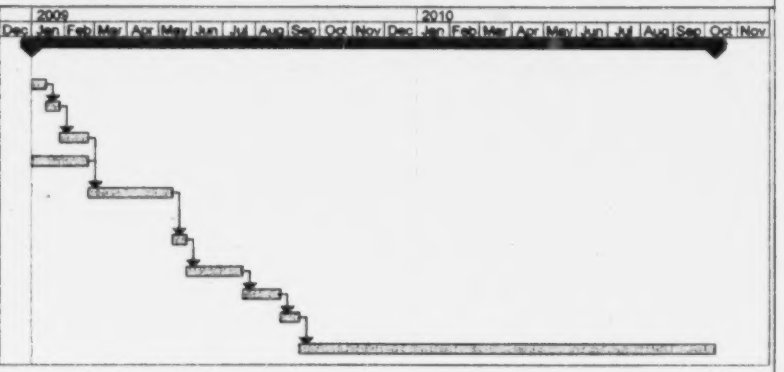
24. **Subject to the comments and observations of the Advisory Committee contained in the present report, the Advisory Committee recommends approval of a commitment authority for 2009 for UNAMI up to an amount of $5 million under section 32, Construction, alteration, improvement and major maintenance, of the programme budget for the biennium 2008-2009, to undertake design work in connection with the proposed United Nations integrated compound in Baghdad.**

25. **The Advisory Committee recommends that the General Assembly request the Secretary-General to submit a new, complete and detailed proposal for the construction of the United Nations integrated compound in Baghdad, under section 32, Construction, alteration, improvement and major maintenance, of the programme budget, for its consideration at the sixty-third session, taking into account the elements referred to in the present report.**

Annex

Future development schedule for the United Nations Assistance Mission for Iraq headquarters

ID	Task Name	Duration	Start	Finish
1	Schedule of the FUNHQ Development	729 days	Thu 01/01/09	Sun 10/10/10
2	Procurement of Technical Site Survey Services (IOR)	15 days	Thu 01/01/09	Wed 14/01/09
3	TE & Award of contract for Site Survey	15 days	Wed 14/01/09	Tue 27/01/09
4	Site Survey	30 days	Tue 27/01/09	Mon 23/02/09
5	Procurement of Engineering Consulting Services	60 days	Thu 01/01/09	Mon 23/02/09
6	Design and Preparation of Tender Documents & Expression of Interest	90 days	Mon 23/02/09	Thu 14/05/09
7	Submission to HQ for Concept & Cost Approval	15 days	Thu 14/05/09	Wed 27/05/09
8	Bidding (RFP) & TE	60 days	Wed 27/05/09	Sun 19/07/09
9	LCC/HCC	46 days	Mon 20/07/09	Mon 24/08/09
10	Award of Contract & Mobilization	20 days	Mon 24/08/09	Fri 11/09/09
11	Construction	444 days	Fri 11/09/09	Sun 10/10/10



Project: schedule
Date: Thu 30/10/08

Task — Milestone — External Tasks
Split — Summary — External Milestone
Progress — Project Summary — Deadline

Abbreviations: IOR: immediate operational requirements; HCC: Headquarters Committee on Contracts; LCC: Local Committee on Contracts; RFP: request for proposal; TE: technical evaluation.